

## Message Text

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PAGE 01 OECD P 11683 01 OF 02 072221Z

73

ACTION EUR-12

INFO OCT-01 EA-06 NEA-09 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /117 W

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R 072202Z MAY 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6948

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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PAGE 02 OECD P 11683 01 OF 02 072221Z

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LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 11683

PASS TREASURY FOR BENNETT, CAIRO FOR SECY ROBINSON

E.O. 11652: N/A

TAGS: ETRD, FN, OECD

SUBJECT: XCSS: RENEWAL OF TRADE PLEDGE

1. XCSS DISCUSSION MAY 6-7 LED TO WHAT CHAIRMAN CALLED "WIDENED AGREEMENT" ON RENEWAL WITHOUT AMENDMENT OF DECLARATION OF MAY 30, 1974 ON TRADE AND OTHER CURRENT ACCOUNTS MEASURES, THOUGH FULL AGREEMENT ON COMMENTS NOT YET REACHED. THERE WERE NO EXPLICIT RESERVATIONS TO RENEWAL EXCEPT FOR PORTUGUESE STATEMENT (TEXT SENT SEPTTEL) WHICH CHAIRMAN INTERPRETED AS RESERVATION. IT WAS UNDERSTOOD THAT MINISTERIAL COUNCIL IN TAKING FORMAL ACTION TO RENEW PLEDGE WOULD ALSO RENEW INTERPRETIVE COMMENTS AGREED AT 1974 MINISTERIAL.

2. XCSS ALSO REACHED LARGE MEASURE OF AGREEMENT ON TEXT OF ADDITIONAL COMMENTS PROPOSED TO BE ADOPTED BY MINISTERS ALONG WITH RENEWAL OF PLEDGE (TEXT BEING TRANSMITTED BY SEPTTEL). AGREEMENT LEFT THREE QUESTIONS OPEN:

A. PARAS 1 AND 2: REFERENCES TO STRUCTURAL AND SECTORAL PROBLEMS. AMENDMENTS BY SECRETARIAT FOLLOWING TRADE COMMITTEE DISCUSSION LAST WEEK GENERALLY TOOK CARE OF EC, BUT NOT AUSTRALIAN, CONCERNS EXPRESSED THERE. DRAFT AS FINALLY LEFT BY XCSS NARROWS DISAGREED LANGUAGE TO TWO BRACKETED ELEMENTS WHICH AUSTRALIAN DELEGATE AGREED TO RECOMMEND FOR ACCEPTANCE BY HIS GOVERNMENT. PRINCIPAL AUSTRALIAN CONCERN SEEMED TO BE THAT TEXT MIGHT BE TAKEN AS REQUIRING AUSTRALIA TO CONSULT ON SECTORAL ACTIONS TAKEN ARTICLE 19 OF GATT OR MIGHT INHIBIT AUSTRALIAN ABILITY TO TAKE SUCH ACTIONS OR THAT TEXT IMPLICITLY GIVES OECD BLESSING TO VOLUNTARY RESTRAINT ARRANGEMENTS.

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PAGE 03 OECD P 11683 01 OF 02 072221Z

B. PARA 3: EXPORT CREDITS. TEXT IS LEFT BLANK PENDING RESULTS OF BRUSSELS MEETING ON GENTLEMEN'S AGREEMENT NEXT WEEK. CHAIRMAN JOLLES SUGGESTED THAT IF GENTLEMEN'S AGREEMENT REACHED, THIS PARAGRAPH WOULD NOTE THIS FAVORABLY, WHILE IF AGREEMENT NOT REACHED, PARAGRAPH WOULD NOSEEK TO GIVE WORK ON EXPORT CREDIT

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PAGE 01 OECD P 11683 02 OF 02 072215Z

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R 072202Z MAY 75

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PAGE 02 OECD P 11683 02 OF 02 072215Z

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ARRANGEMENTS NEW IMPETUS IN OECD. JOLLES SUMMARIZED COMMITTEE'S ATTITUDE AS HOPING THAT BRUSSELS TALKS WILL SUCCEED AND THAT OECD WILL BE PROMPTLY INFORMED OF OUTCOME. CHAIRMAN AND SECGEN IN COMMENTS INDICATED ASSUMPTION, WHICH WAS NOT CHALLENGED, THAT SUBJECT WILL RETURN TO OECD WHETHER OR NOT BRUSSELS MEETING SUCCEEDS, THOUGH SECGEN RECOGNIZED THAT IF THREE PARTIES TO PRESENT TALKS CANNOT AGREE, IT WILL BE MORE DIFFICULT TO REACH AGREEMENT IN OECD.

C. PARA 6: FOREIGN EXCHANGE MARKETS. US, WITH SUPPORT OF SECGEN, OPPOSED INCLUDING REFERENCE TO EXCHANGE RATE PROBLEMS IN COMMENTS AS INAPPROPRIATE. SWISS, HOWEVER, WERE VERY FIRM ON NEED FOR SOME LANGUAGE, AND IN FACT TOLD US PRIVATELY THEIR APPROVAL OF RENEWAL DEPENDED ON SOME SATISFACTION IN THIS REGARD. THEY SHOWED FLEXIBILITY ON LANGUAGE AND SUCCEEDING REDRAFTS LED TO TEXT WHICH WAS ACCEPTED BY BOTH PARTIES AD REFERENDUM. NO OTHER DELEGATIONS PARTICIPATED IN DEBATE ON THIS POINT.

3. DEVELOPING OECD MEMBER COUNTRIES, LED BY TURKS, INSISTED ON INCLUSION OF REFERENCE TO SPECIAL PROBLEMS OF DEVELOPING COUNTRIES (PARA 7), WHICH HAD BEEN DROPPED FROM SECRETARIAT'S DRAFT FOLLOWING TRADE COMMITTEE DISCUSSION AND NOW REAPPEARS IN MUCH ATTENUATED FORM. TURNER

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**Disposition Date:** 28 MAY 2004  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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